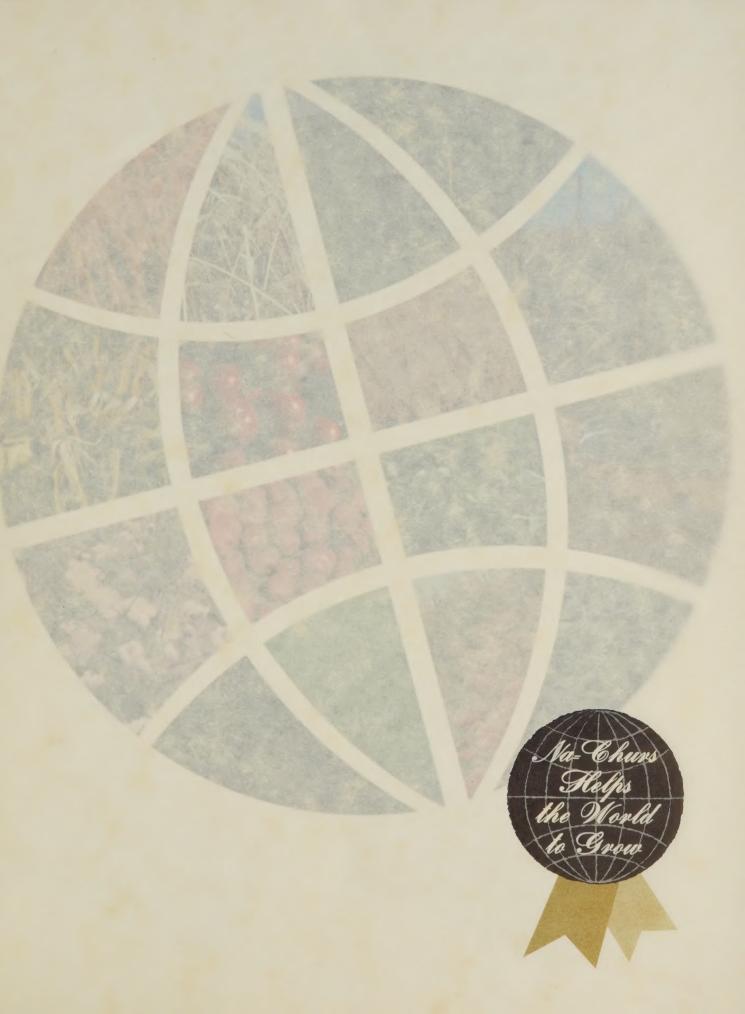


1972

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Sa-Churs International

ANNUAL REPORT 1972

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a letter from the president to our shareholders

The financial statements presented on the succeeding pages of this report outline the facts and figures of another record year in the continual growth of Na-Churs.

Consolidated sales for the fiscal year 1972 were 105% of the prior record year at \$14,052,299.00 which contributed net earnings per common share of \$.72, the second highest earnings level in the history of the company. Capital equipment investment for the year totalled \$1,170,333.00, the majority of which were bulk and farm storage tanks necessitated by the continued sales growth of the company. In addition, the new plant in Red Oak, Iowa was completed and came on-stream in February 1972, adding 20,000 square feet of production capability to more efficiently and effectively serve those Na-Churs customers west of the Mississippi.

Your company is anticipating an even greater year to come premised on the following:

 to effectively combat the shortage of product raw materials, a significant increase in finished goods inventory was implemented to assure an adequate product supply for our customers.

- the establishment of Shenandoah Grain Corporation (a wholly owned subsidiary) assures the recognition to the Na-Churs user of the extra profits available through foliage feeding resulting in higher protein content.
- applied research for product improvement and innovation continues to afford the Na-Churs team the best product available. Development of analyses impervious to lower temperatures enables an extension of product delivery from warm months limitations to full year availability, thus affording the elimination of peak load limitations and the greater utilization of company equipment and facilities. Na-Churs is now deliverable year round.
- research continues on 125 acres outside of Marion, Ohio, where this year we were most fortunate in working with the Ohio State University in running trials on growing corn with Na-Churs and with regular type dry fertilizer programs. We also have plots on this farm with Michigan, Wisconsin, Iowa, and Missouri State University's. We are pleased to state that the Na-Churs program made a very impressive showing through the entire growing season and have had many visitors come to our farm plus a field day for all editors and publishers of the leading farm magazines. Research is now being done using Na-Churs grown crops to feed livestock on the experimental farm to gain more knowledge of the entire value with crops grown under this program.



- a strengthened customer credit program will aid in greater selectivity of risk to maximize future profits through reduction of credit losses.
- consolidation of the total administrative forces of the Na-Churs family to Marion during the first quarter of the new year will allow elimination of some existent duplicated services and greater utilization of our computer facilities.

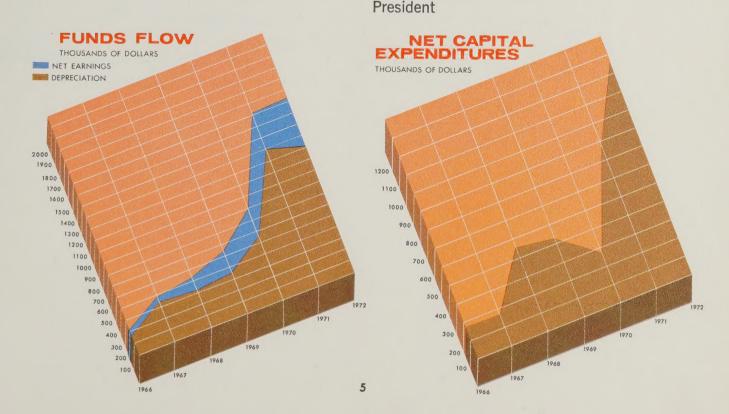
On February 15, 1972, the Na-Churs family was saddened by the passing of Mr. E. J. Orendorff, Secretary, Treasurer and Director of Na-Churs International, Ltd. The role of Secretary-Treasurer has been ably filled by Mr. Gerald Hall, Controller.

With the administrative consolidation to Marion, Mr. Hall is unable to make the move and will sever his affiliation with Na-Churs on January 1. Mr. Robert J. Vosler, an Ohio CPA with a most impressive industrial background, joined the company as Na-Churs International, Ltd., Controller on October 1, 1972.

It is a pleasure to express the deep-felt appreciation and gratitude due our shareholders and employees for their contribution to the continuing Na-Churs success story.

On behalf of the Board,

Allan L. Farrow





directors

A. L. Farrow
President
Na-Churs International Limited
Director

B. W. Edney
Executive Vice-President
Na-Churs International Limited
Director

W. J. Evans
President
S. F. Lawrason & Company Limited
Director

D. E. FOYSTON
Director of A. E. Ames & Co. Ltd.
Director

J. F. Petch Attorney Petch & Associates Director

J. D. DONITHEN

President

Marion County Bank

Marion, Ohio

Director

GERALD E. HALL Secretary-Treasurer Na-Churs International Limited

Head Office Oakridge Park, London, Ontario, Canada

AUDITORS
Ernst & Ernst

STOCK EXCHANGE
Toronto Stock Exchange

Transfer Agent and Registrar
The Canada Trust Company, Toronto,
Winnipeg, Vancouver

NA-CHURS

Income Statistics

Net sales

Earnings before depreciation, interest on long-term debt and income taxes

Depreciation
Interest on long-term debt

Earnings before income taxes

Income taxes

Net earnings

Per common share—before dilution—Note B
Per common share—fully diluted—Note B

Effective tax rate

Net earnings as % of sales

Balance Sheet Statistics

Current assets

Current liabilities

Working capital

Ratio of current assets to current liabilities

Net expenditures on plant and equipment

Long-term debt

Shareholders' equity

Common shareholders' equity per common share—Note B

Common shares outstanding at year-end

Net earnings as a % of common shareholders' equity (at beginning of year) after provisions for preferred dividends



GROWTH CONTINUES

\$14,052,299 \$13,417,507 \$8,283,426 \$7,717,986 \$7,312,039 \$6,617,255 \$4,226,555 \$4,226,555 \$419,362 \$302,756 \$236,539 \$193,185 \$109,758 \$42,298 \$38,790 \$46,608 \$6,296 \$3,940 \$4,776 \$3,242 \$2,062,822 \$2,333,537 \$1,110,416 \$717,734 \$613,922 \$641,652 \$309,552 \$951,000 \$1,135,000 \$555,000 \$373,000 \$290,270 \$300,962 \$131,634 \$1,111,822 \$1,198,537 \$555,416 \$344,734 \$323,652 \$340,690 \$1,77,958 \$1,284 \$1,148 \$46.1% \$48.6% \$50.0% \$52.0% \$47.3% \$46.9% \$42.5% \$42.5% \$4.							
2,605,268 2,662,308 1,393,563 917,215 727,629 688,726 351,624 419,362 302,756 236,539 193,185 109,758 42,298 38,790 542,446 328,771 283,147 199,481 113,698 47,074 42,032 951,000 1,135,000 555,000 373,000 290,270 300,962 131,634 1,111,822 1,798,537 555,416 344,734 323,652 340,690 177,958 .705 .756 .348 .222 .215 .284 .148 46.1% 48.6% 50.0% 52.0% 47.3% 46.9% 42.5% 7.9% 8.9% 6.7% 4.5% 4.4% 5.1% \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 1.2:1 1,170,333 787,917 265,247 428,176 4	1972	1971	1970	1969	1968	1967	1966
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419,362 302,756 236,539 193,185 109,758 42,298 38,790 542,446 328,771 283,147 199,481 113,698 47,074 42,032 2,062,822 2,333,537 1,110,416 717,734 613,922 641,652 309,592 951,000 1,135,000 555,000 373,000 290,270 300,962 131,634 1,111,822 1,198,537 .756 .348 .222 .215 .284 .148 46.1% 48.6% 50.0% 52.0% 47.3% 46.9% 42.5% 7.9% 8.9% 6.7% 4.5% 4.4% 5.1% \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 2,4:1 1,7:1 2:1:1 1.6:1 1.6:1 1.3:1 1.2:1 1,170,333 787,917 2655,247 428,176 </td <td>2 605 260</td> <td>2 662 200</td> <td>1 202 562</td> <td>217.017</td> <td></td> <td></td> <td></td>	2 605 260	2 662 200	1 202 562	217.017			
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951,000 1,135,000 555,000 373,000 290,270 300,962 131,634 1,111,822 1,198,537 .783 .362 .222 .215 .284 .148 .705 .756 .348 .222 .215 .284 .148 .46.1% 48.6% 50.0% 52.0% 47.3% 46.9% 42.5% 7.9% 8.9% 6.7% 4.5% 4.4% 5.1% 42.5% 6,802,659 \$ 6,085,888 \$4,021,130 \$4,442,496 \$3,274,373 \$1,991,968 \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 1,3:1 2,4:1 1.7:1 2.1:1 1.6:1 1.6:1 1.6:1 1.3:1 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913	542,446	328,771	283,147	199,481	113,698	47,074	42,032
1,111,822 1,198,537 555,416 344,734 323,652 340,690 177,958 .705 .756 .348 .222 .215 .284 .148 .46.1% 48.6% 50.0% 52.0% 47.3% 46.9% 42.5% 7.9% 8.9% 6.7% 4.5% 4.4% 5.1% \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 2,4:1 1.7:1 2:1:1 1.6:1 1:5:1 1:3:1 1:2:1 1,170,333 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30	2,062,822	2,333,537	1,110,416	717,734	613,922	641,652	309,592
.722 .783 .362 .222 .215 .284 .148 .705 .756 .348 .222 .215 .284 .148 .46.1% 48.6% 50.0% 52.0% 47.3% 46.9% 42.5% 7.9% 8.9% 6.7% 4.5% 4.4% 5.1% 4.2% 6,802,659 \$ 6,085,888 \$4,021,130 \$4,442,496 \$3,274,373 \$1,991,968 \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 2,4:1 1.7:1 2.1:1 1.6:1 1.6:1 1.3:1 1.2:1 1,170,333 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 <td< td=""><td>951,000</td><td>1,135,000</td><td>555,000</td><td>373,000</td><td>290,270</td><td>300,962</td><td>131,634</td></td<>	951,000	1,135,000	555,000	373,000	290,270	300,962	131,634
.705 .756 .348 .222 .215 .284 .148 46.1% 48.6% 50.0% 52.0% 47.3% 46.9% 42.5% 7.9% 8.9% 6.7% 4.5% 4.4% 5.1% 4.2% 6,802,659 \$ 6,085,888 \$4,021,130 \$4,442,496 \$3,274,373 \$1,991,968 \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 2,4:1 1.7:1 2.1:1 1.6:1 1.6:1 1.3:1 1.2:1 1,170,333 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30				1		340,690	177,958
46.1% 48.6% 50.0% 52.0% 47.3% 46.9% 42.5% 7.9% 8.9% 6.7% 4.5% 4.4% 5.1% 4.2% 6,802,659 \$ 6,085,888 \$4,021,130 \$4,442,496 \$3,274,373 \$1,991,968 \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 2,4:1 1.7:1 2.1:1 1.6:1 1.6:1 1.3:1 1.2:1 1,170,333 \$ 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30				1			.148
7.9% 8.9% 6.7% 4.5% 4.4% 5.1% 42.3% 6,802,659 \$ 6,085,888 \$4,021,130 \$4,442,496 \$3,274,373 \$1,991,968 \$1,298,015 2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 2,4:1 1.7:1 2.1:1 1.6:1 1.6:1 1.3:1 1.2:1 1,170,333 \$ 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30							
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2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 1,170,333 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30	7.9%	8.9%	6.7%	4.5%	4.4%	5.1%	4.2%
2,868,341 3,610,094 1,956,004 2,726,604 1,995,836 1,489,565 1,090,719 3,934,318 2,475,794 2,065,126 1,715,892 1,278,537 502,403 207,296 1,170,333 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30							
3,934,318 2.4:1 2,475,794 1.7:1 2,065,126 2.1:1 1,715,892 	6,802,659	\$ 6,085,888	\$4,021,130	\$4,442,496	\$3,274,373	\$1,991,968	\$1,298,015
2.4:1 1.7:1 2.1:1 1.6:1 1.6:1 1.3:1 1.2:1 1,170,333 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30	2,868,341	3,610,094	1,956,004	2,726,604	1,995,836	1,489,565	1,090,719
2.4:1 1.7:1 2.1:1 1.6:1 1.6:1 1.3:1 1.2:1 1,170,333 \$ 787,917 \$ 265,247 \$ 428,176 \$ 458,636 \$ 179,551 \$ 185,788 1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30					1,278,537	502,403	207,296
1,539,627 288,339 422,474 556,461 65,634 74,698 85,404 5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30			2.1:1	1.6:1	1.6:1	1.3:1	
5,228,906 4,153,864 2,950,907 2,405,913 2,077,313 876,735 528,482 3.30 2.57 1.79 1.43 1.21 .53 .30		\$ 787,917	\$ 265,247	\$ 428,176	\$ 458,636	\$ 179,551	\$ 185,788
3.30 2.57 1.79 1.43 1.21 .53 .30	1,539,627	288,339	422,474	556,461	65,634	74,698	85,404
1.70 704 505 000 707 1.21 .33 .30	5,228,906	4,153,864	2,950,907	2,405,913	2,077,313	876,735	528,482
1 500 704	3.30	2.57	1.79	1.43	1.21	.53	.30
1,532,724 505,908 502,408 502,408 502,408 400,218 399,999	1,532,724	505,908	502,408	502,408	502,408		
333,333					, , , , ,	100,220	033,333
28.5% 43.9% 25.2% 18.3% 49.0% 90.8% 90.2%	28.5%	43.9%	25.2%	18.3%	49.0%	90.8%	90.2%

NOTE A: 1969 and prior years have been restated in U.S. currency to compare to 1970 reporting. NOTE B: Restated for 1971 and prior years to reflect three-for-one stock split in 1972.



Ma-Churs

CONSOLIDATED

SEPTEMBER 30,

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$-\Delta$	6	4	-	¥.	6

CURRENT ASSETS	7 = 7 =	1971
Cash	\$ 237,594	\$ 65,606
Accounts receivable: Trade	4,615,351	5,117,199
Other	85,386	66,211
Less allowances	458,000)	(480,000)
	4,242,737	4,703,410
the state of the s		
Inventories, at lower of cost (first-in, first-out) or market:		
Finished products	1,754,150	1,024,778
Work in process, raw materials and supplies	430 110	246,983
	2,184,260	1,271,761
Prepaid expenses and other current assets	139.064	45,111
TOTAL CURRENT ASSETS	6,802,659	6,085,888
		-,-,,
DEFERRED TAXES ON INCOME	146,000	109,000
DEFERRED PARTS ON HOUSE.	140,000	103,000
PROPERTY, PLANT AND EQUIPMENT		
On the basis of cost: Land	68.139	68,639
Buildings and roadways	699,317	355,680
Plant equipment and storage tanks Office furniture and equipment	128.648	1,984,730 96,878
Automotive equipment	113,379	13,828
Construction in progress	-0-	57,115
Allowances for depreciation	3,681,172	2,576,870 978,572
Allowances for depreciation	2,349,269	1,598,298
	\$9,297,928	\$7,793,186
	ψ3,237,320	47,733,100

See accompanying notes to consolidated financial statement.



BALANCE SHEET

(EXPRESSED IN UNITED STATES CURRENCY)

1972 and 1971

CURRENT LIABILITIES

LIABILITIES

inventories and assignment of receivables Trade accounts payable and accrued expenses Trade accounts payable and accrued expenses Dividends payable Taxes on income Debt instalments due within one year — Note B TOTAL CURRIENT HABILITIES SHAREHOLDERS' EQUITY TOTAL CURRIENT HABILITIES TOTAL CURRIENT HAB	Notes payable to banks on demand, secured by pledge of		Salara de de manago e ague
Trade accounts payable and accrued expenses Commissions, bonuses and payrolls Dividends payable Taxes on income Debt instalments due within one year — Note B TOTAL CURRIENT LIABILITIES Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "B" preferred — 11,757 18/100 shares 6% "preferred — 152,542 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings TOTAL CURRIENT LIABILITIES 1,060,968 10,630 898,011 259,111 29,228 3,610,094 29,228 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,228 3,610,094 29,28 20,610 20,611 20,611 20,611 20,611 20,611 20,611 20,611 20,611 20,611		815 885	\$ 650,000
Commissions, bonuses and payrolls Dividends payable Taxes on income Debt instalments due within one year — Note B TOTAL CURRIENT LIABILITIES TOTAL CURRIENT LIABILITIES SHAREHOLDERS' EQUITY TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES SHAREHOLDERS' EQUITY TOTAL CURRIENT LIABILITIES SHAREHOLDERS' EQUITY TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTAL CURRIENT LIABILITIES LONG TERM DEET TOTA	Trade accounts payable and accrued expenses		731,374
Taxes on income Debt instalments due within one year — Note B TOTAL CURRENT LIABILITIES 2, 468, 341 3,610,094 LONG TERM DEET NOW A 1,200 ON1 29,228 SHAREHOLDERS' EQUITY IDIAL LONG ROW Authorized: Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings Retained earnings 29,228 898,011 259,11 259,111 259,111 259,111 259,111 259,111 259,111 259,111 259,11 259,111	Commissions, bonuses and payrolls	396,338	1,060,968
Debt instalments due within one year — Note B TOTAL CURRIENT LIABILITIES 2,868,341 3,610,094 LONG.TERM DEET Note A Authorized: Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 259,111 3,610,094 29,228 1,200,001 29,228 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,200 20,20			10,630
### TOTAL CURRENT LIABILITIES 2,868,241 3,610,092 **EXAMPLE OF THE PROPERTY CONTRACTOR OF THE PROPERT		121,732	898,011
SHAREHOLDERS' EQUITY Iplication of the common of the comm		320,540	Name and Address of the Owner, where the Party of the Owner, where the Party of the Owner, where the Owner, which is the Owner, where the Owner, which is the Owne
SHAREHOLDERS' EQUITY Iphilator Hote C. Authorized: Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 29,228 29,228 29,228 29,228 29,228 29,228 29,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,238 20,24,153,864	TOTAL CURRENT LIABILITIES	2,668,341	3,610,094
SHAREHOLDERS' EQUITY Iphilator Hote C. Authorized: Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 29,228 29,228 29,228 29,228 29,228 29,228 29,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,228 20,238 20,24,153,864	LONG-YERM DEET		
Authorized: Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings Authorized 164,052 164,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,052 174,053 174,051 174,052 174,053 174,051 174,052 174,053 174,051 174,052 174,053 17		1,200,681	29,228
Authorized: Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings Authorized 104,052 1	SHAREHOLDERS' EQUITY		
Authorized: Class "A": preferred — 11,757 18/100 shares, 6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings Authorized 104,052 1	Capital stock — Note C.		
6% cumulative, redeemable, par value \$10 Canadian per share Class "B" preferred — 152,542 shares, 6% non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 6% cumulative, redeemable, par value 45¢, Canadian per shares 104 45¢ 164,052 1	Authorized:		
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non-cumulative, redeemable, par value 45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 100,052 83,385 164,052 83,385 174,675 1,184,172 1,			
45¢ Canadian per share Common — 3,000,000 shares without par value Issued and fully paid: Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 4,153,864	non-cumulative, redeemable, par value		
Issued and fully paid: Class "A" preferred — 11,757 18/100 shares 104,052 Class "B" preferred — 152,542 shares 83,385 Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year 936,735 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Retained earnings 4,153,864 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 2,969,692 Contributed surplus arising from discount on pur	45¢ Canadian per share		
Class "A" preferred — 11,757 18/100 shares Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 164,052 83,385 1,184,172 1,184,172 2,969,692 4,153,864	Common — 3,000,000 shares without par value		
Class "B" preferred — 152,542 shares Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings Class "B" preferred — 152,542 shares	Issued and fully paid:	100000	104.050
Common — 1,532,724 shares including 15,000 shares issued for \$21,500 cash during the year Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings Common — 1,532,724 shares including 15,000 936,735 1,184,172 2,969,692 2,969,692 4,153,864	Class "R" preferred — 152 5/12 shares	The State of the S	
shares issued for \$21,500 cash during the year 936,735 Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 9,969,692 Retained earnings 936,735 1,184,172 -0- 2,969,692 4,153,864		01/3/3	63,360
Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year 29,759 -0-Retained earnings 4,074,461 2,969,692 4,153,864		958,235	936,735
Contributed surplus arising from discount on purchase for cancellation of preferred shares during the year Retained earnings 2,969,692 4,153,864		1.120.676	-
Retained earnings 2,969,692 5,225,906 4,153,864	Contributed surplus arising from discount on purchase for		wy www.ry w r c
5,228,900 4,153,864	cancellation of preferred shares during the year		
	Retained earnings		2,969,692
\$7,793,186		5,228,906	4,153,864
77,750,200		49,297,925	\$7,793,186

APPROVED ON REHALF OF THE BOARD

Allan I.: Farrow, Director Twon W. Edney, Director 1971



International LIMITED AND SUBSIDIARIES

EARNINGS-OPERATIONS

STATEMENT OF CONSOLIDATED INCOME

(Expressed in United States currency)

NA-CHURS INTERNATIONAL LIMITED AND SUBSIDIARIES YEARS ENDED SEPTEMBER 30, 1972 and 1971

	1972	1971
Net sales	\$14,052,299	\$13,417,507
Deductions:	, , , , ,	Ψ-0,,
Costs and expenses other than depreciation, interest on long-term debt and taxes		
on income	11,447,031	10,755,199
Provision for depreciation of plant and equipment	419,362	302,756
Interest on long-term debt	123,084	26,015
	11,989,477	11,083,970
INCOME BEFORE TAXES ON INCOME	2,062,822	2,333,537
Taxes on income:		
Current	988,000	1,183,000
Deferred (deduction)	(37,000)	(48,000)
	951,000	1,135,000
NET INCOME	1,111,822	1,198,537
Inches I de la company de la c		
Income per common share (after preferred dividends)—Note C:		
Before dilution	\$.722	\$.783
Fully diluted	.705	.756
Expenses include remuneration paid or payable to senior officers and directors		
of the Company and its subsidiaries	\$ 433,442	\$ 353,208

See accompanying notes to consolidated financial statement.

STATEMENT OF CONSOLIDATED RETAINED EARNINGS (Expressed in United States currency)

NA-CHURS INTERNATIONAL LIMITED AND SUBSIDIARIES

VEARS ENDED SEPTEMBER 30, 1972 and 1971

	1972	1971
Retained earnings at October 1	\$2,969,692	\$1,781,785
Net income for the year	1,111,892	1,198,537
Deduct dividends on Class "A"	4,081,614	2,980,322
preferred shares	7,053	10,630
RETAINED EARNINGS AT SEPTEMBER 30	54,074,461	\$2 ,969,692

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION

(Expressed in United States currency)

YEARS ENDED SEPTEMBER 30, 1972 and 1971

FUNDS PROVIDED	1972	1971
From operations:		***************************************
Net income for the year	51.111.822	\$1,198,537
Provision for depreciation of plant and equipment Deferred taxes on income	419,362 37,000	302,756 (48,000)
10 No 10 18 18 18 18 18		The state of the s
Increase in long-term debt	1,494,184	1,453,293 -0-
Issue of common shares	21.500	15,050
TOTAL	3,015,684	1,468,343
FUNDS USED		
Additions to plant and equipment — net	1,170,333	787,917
Dividends on Class "A" preferred shares	7.088	10,630
Class"A" and "B" preferred shares purchased for cancellat Repayment and provision		-0-
for repayment of long-term debt	328,547	259,128
TOTAL	1.557,160	1,057,675
INCREASE IN WORKING CAPITAL	1,458,524	410,668
Working capital at beginning of year	±475,794	2,065,126
WORKING CAPITAL AT END OF YEAR	\$3,934,318	\$2,475,794
CHANGES IN COMPONENTS OF WORKING CAPITAL		of him to be the second and the seco
Increase (decrease) in current assets:		
Cash Accounts receivable	171,986	(60,506)
Inventories	(460,673)	1,639,382
Prepaid expenses and other current assets	99 957	489,557 (3,675)
INCREASE IN CURRENT ASSETS	716,771	2,064,758
Increase (decrease) in current liabilities:	11100111-2	2,004,730
Notes payable to banks	165,825	327,448
Trade accounts payable and accrued expenses	(347,909)	372,178
Commissions, bonuses and payrolls Dividends payable	162,630)	379,462
Taxes on income	193 970	208 449,802
Debt instalments due within one year	79,835	124,992
INCREASE (DECREASE) IN CURRENT LIABILITIES	(741,753)	1,654,090
INCREASE IN WORKING CAPITAL	51,456,524	\$ 410,668
See accompanying notes to consolidated financi	al statement.	Figure Control and

notel to



consolidated financial statements

NA-CHURS INTERNATIONAL LIMITED AND SUBSIDIARIES **SEPTEMBER 30, 1972**

NOTE A - PRINCIPLES OF CONSOLIDATION

The consolidated financial statement includes the accounts of the Company and its subsidiaries:

London, Ontario, Canada: Na-Churs Plant Food Company (Canada) Limited The Berlou Company (Canada) Limited Marion, Ohio, U.S.A.: Na-Churs Plant Food Co. Berlou Manufacturing Company Tri-State Trucking Inc.

Shenandoah Grain Corporation Intercompany accounts and transactions have been eliminated.

The financial statements are stated in United States dollars. Amounts in Canadian funds have been translated into United States funds on the following basis:

- (a) Current assets and current liabilities at approximate year-end rates.
- (b) Property, plant and equipment, deferred taxes on income, long-term debt and capital stock at historical rates.
- (c) Income, costs and expenses at average rates for the year.

The unrealized foreign exchange adjustment arising on consolidation has been treated as other income in the income statement for the year.

NOTE B — LONG TERM DEBT	ANNUAL PAYMENT	SEPTEM 1972	BER 30 1971
Mortgages:	* *************************************	1372	13/1
5% due January, 1972 6% due December, 1975 5½% due January, 1976	\$ -0- 346 38,600	\$ -0- 1,027 38,600	\$ 493. 1,384 36,474
Deferred bank note, due September, 1972, interest 1% above U.S. prime rates	-0-	-0-	249,988
Note payable to bank due December, 1977, interest 31/2% above U.S.			
prime rates, currently 9%	300,000	1,500,000	-0-
	\$338,946	1,539,627	288,339
Instalment due within one year		338,946	259,111
		\$1,200,681	\$ 29,228

The note payable to bank is secured by inventories, property, plant and equipment of the subsidiary, Na-Churs Plant Food Co. The agreement provides, among other things, that the subsidiary may not pay or declare any cash dividends, purchase or retire any of its capital stock, or issue any capital stock, except to Na-Churs International, Limited. The provisions of the loan were not finalized at September 30, 1972, and therefore it has been reflected based on existing letters of intent fore it has been reflected based on existing letters of intent

The Company intends to pay off the $5\frac{1}{2}$ % mortgage during the coming year. Accordingly, this mortgage has been classified as long-term debt due within one year.

- CAPITAL STOCK

(a) On December 21, 1971, each of the authorized and issued common shares of the Company was subdivided into three common shares without par value. The calculation of earnings per share recognizes the new subdivision of common shares as though it had existed throughout the twoyear period.

(b) During the year 5,959 Class "A" and 47,567 Class "B" preferred shares were purchased and cancelled at \$7.00 Canadian and \$.20 Canadian per share respectively. The following summarizes the transactions:

	CLASS "A"	CLASS "B"	TOTAL
Balance at October 1, 1971	\$164,052	\$83,385	\$247,437
Purchased and cancelled during the year:	7,	400,000	ψ= 17,1407
Payment	41.713	9.514	51,227
Gain realized and credited to		-,	,
contributed surplus	17,877	11,892	29,769
	59,590	21,406	80,996
Balance at September 30, 1972	\$104,462	\$61,979	\$166,441
	====		

(c) Under the terms of the stock option plan for executives and key employees of the Company and its subsidiaries, options not in excess of

15,000 shares per person or 75,000 shares in the aggregate may be granted to purchase authorized but unissued common shares of no par value after giving consideration to the stock split. To September 30, 1972, options have been granted to seven employees for a total of 69,500 shares at prices indicated below (quoted market value at September 30, 1972, \$6.75 Canadian per share).

The following summarizes transactions in stock options:

	NUMBER OF OPTIONED SHARES EXPIRING SEPTEMBER 30			
	1972(A)	1974(B)	1977(C)	TOTAL
Options outstanding at September 30, 1971 Transactions to date of stock split:	3,000	16,500	-0-	19,500
Options exercised Stock split	-0- 6,000	(2,000) 29,000	-0-	(2,000) 35,000
Transactions after stock split: Options exercised Options granted	(9,000)		500	(9,000) 500
Options expired		(6,000)		(6,000)
OPTIONS OUTSTANDING AT SEPTEMBER 30, 1972	-0-	37,500	500	38,000

- (a) These shares could be and were taken up prior to September 30, 1972, at \$1.433 Canadian per share (\$4.30 Canadian prior to the stock split).
- (b) One-fifth of these shares may be taken up cumulatively in each of five years up to September 30, 1974, at \$1.433 Canadian per share (\$4.30 Canadian prior to the stock split).
- (c) One-fifth of these shares may be taken up cumulatively in each of the five years up to September 30, 1977, at \$8.625 Canadian per share.

- INCOME TAX

Deferred federal income taxes arise principally from bad debt expense and U.S. state franchise (income) tax expense in excess of that currently deductible for federal income tax purposes.

Investment tax credits amounting to approximately \$38,000 in 1972 have been applied as a reduction of U.S. federal income taxes on a flowthrough basis.

- SUBSEQUENT EVENT

In October, 1972, the Company agreed to purchase certain properties adjoining its Marion, Ohio plant and offices. The purchase price of these properties approximates \$173,000.

NOTE F — SHENANDOAH GRAIN CORPORATION

In July, 1972, the Company formed Shenandoah Grain Corporation as a wholly-owned subsidiary. As of September 30, 1972, this subsidiary had entered into certain contracts with customers of its parent company to purchase approximately 90,000 bushels of wheat in conjunction with the marketing of products of its parent company.

- LITIGATION

Certain of the subsidiaries of the Company are currently defendant in several lawsuits. In the opinion of legal counsel, the liability for the uninsured portion of claims under these lawsuits would not be significant.

AUDITORS' REPORT

To the Shareholders,

Na-Churs International Limited.

We have examined the consolidated balance sheet of Na-Churs Interna-We have examined the consolidated balance sheet of Na-Churs International Limited and its subsidiaries as at September 30, 1972, and the related statements of consolidated income, consolidated retained earnings and changes in consolidated financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the consolidated financial statement for the preceding year.

In our opinion, the accompanying consolidated financial statement presents fairly the consolidated financial position of Na-Churs International Limited and its subsidiaries at September 30, 1972, and the consolidated results of their operations and changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Einst & Einst

Chartered Accountants





REACTORS



RED OAK, IOWA PLANT



MARION, OHIO PLANT



CT TAG POOLS CT TAG FACTOR HOSELFONTOS EST

6 11/2 1

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NA-CHURS

MANUFACTURING PLANTS AND STORAGE FACILITIES THROUGHOUT CANADA AND THE UNITED STATES.



MANUFACTURING PLANTS

STORAGE FACILITIES



STORAGE TANKS

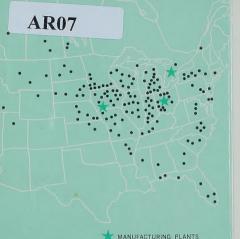


THREE OF THE FLEET OF MODERN TRUCKS SERVICING DISTRIBUTION CENTERS DAILY



DELIVERY TRUCKS





STORAGE FACILITIES





MANUFACTURING PLANTS AND STORAGE FACILITIES THROUGHOUT CANADA AND THE UNITED STATES

Na-Churs International Limited

Na-Churs Drive, Oakridge Park, London, Ontario, Canada

471-250



Na-Churs International Limited

Na-Churs International Limited



INTERIM STATEMENT (EXPRESSED IN UNITED STATES CHERENCY)

1971

\$2,838,473

272,798

145,619

160.644

433 442

139

\$ 209,726

1972

\$3,150,936

181.379

8.692

190.071

342,700

8,600

NA-CHURS INTERNATIONAL LIMITED (SUBJECT TO AUDIT AND YEAR-END ADJUSTMENTS)

CONSOLIDATED STATEMENT OF INCOME SIX MONTHS ENDED MARCH 31 Consolidated Loss Before Undernoted Expenses -Depreciation - - - - - - -Interest on Long-Term Debt - - - -Consolidated Loss Before Income Tax Credit - -Income Tax Credit - Note 1 - - - - -Consolidated Net Loss for the Period - - \$ 370.154 CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS SIX MONTHS ENDED MARCH 31 SOURCE OF FUNDS-1. Common Shares issued - - - -APPLICATION OF FUNDS: 1. Operations -Net Loss for Period - - - - \$ 370,154 \$ 209,726 Deduct Depreciation - - - - (181.379) (145.619)

					()	(-10)
					188,775	64,107
2.	Purchase of Fixed Assets - Repayment and Provision for	-	-	-	821,897	365,757
J.	Repayment of Long-Term Debt	-	-		350	67,645
					\$1,011,022	\$ 497,509
ECF	EASE IN WORKING CAPITAL -	-	-	-	\$1,002,422	\$ 497,509
err.	LOSS DED COMMON SHARE No	to 2				

NOTE 1: Operating losses which are incurred during the first six months of each fiscal year, due to the seasonal nature of the Company's operations, off-set in part taxable income earned during the balance of the year. Accordingly, for the purposes of the accompanying financial statements. losses incurred have been reduced by the tax reduction which will arise during the balance of the year as a result of the application of such

Assuming no dilution - - - - - \$

Assuming full dilution - - - - -

NOTE 2: This calculation is based on the three-for-one stock split in December /71.

TO OUR SHAREHOLDERS:

In the first half of our 1971-72 fiscal year, invoiced sales increased to a record \$3,150,936. Our booked orders are well ahead of the same period last year and collections and prepayments totalled \$9,185,577, an increase of 30.59% at the time of writing.

Our expenses have increased in line with our increase in sales and the opening of our new plant in Red Oak, Iowa. As mentioned in the three-month statement, many of these costs will not be recurring and all increased expenses will be more than offset by the future invoiced sales and profits that are characteristic of "Na-Churs" history.

The outlook for prices on the major crops of corn and soybeans encourages our optimistic sales projection through June and July. Unlike other fertilizer companies, "Na-Churs" is also sold for foliar feeding. This part of our program is applied in these months.

Booked orders and deliveries are at an all-time high and we anticipate another record year in sales and profits.

Sincerely,

Allan L. Farrow President